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9,000 GROWERS COLLECT INSURANCE

**LOSSES NOW PAID TOTAL OVER
2,000,000 BUSHELLS; DROUGHT
AGAIN IS MAJOR CAUSE OF LOSS.**

Crop insurance history is already repeating itself. For the second time in their lives, many winter wheat growers have collected indemnities because their 1940 crop failed to reach 75 percent of an average yield. By actual count 8,979 indemnities had been paid up to July 10 amounting to 2,188,237 bushels. Several thousand more claims have been approved but owing to the fact that the claimants chose the deferred settlement plan of payment, figures by States will not be available until final settlement is made.

Drought Takes 60 Percent

Unverified estimates are that drought and deficient moisture have caused about 60 percent of the total or substantially total losses so far. Flood has taken a larger than usual toll in California and Ohio. Dry seedbeds, winter-kill, and frost have taken their usual destructive ticks. The important fact is that wheat growers in 22 States already have received more than 2 million bushels of wheat they would not have received had they not put their small share in a group reserve last fall. California, for instance, has received about 200,000 bushels, significant because that State has just gone through a crop year far worse than usual. Nebraska has thus far taken more out of the reserve than any other State -- over half a million bushels. Practically all of the important winter wheat states have received indemnity payments.

Farmer Has Fought Own Battles

Back in the old days, before the crop insurance program was available to wheat growers, the problem of having wheat to sell every year was pretty much a matter of "every man for himself." If crop failure struck once, twice, thrice, or more times in succession the individual farmer had several alternatives--not choices--all of which pointed toward circumstances any man would rather not face. First he could use any individual reserve he might have saved from a previous crop; second, he might stretch his credit a little further; third, he could give his family just a little less to eat and wear; or fourth, he might have to move off the land to some unknown place very likely to become a patron of public assistance.

1939 Provided Test

In 1939, the pioneer year for all-risk crop insurance, nearly 166,000 growers created in a businesslike way their own alternative for crop failure by making an installment payment to the Federal Crop Insurance Corporation assuring themselves of three-fourths of an average harvest, come what may in the way of weather, insects, plant disease, and other unavoidable hazards. In 1939, such installment payments brought big dividends to about 56,000 of these insured growers when they collected some 10 million bushels of indemnities. The program is planned so that a good crop is more to be desired than an indemnity payment, but an indemnity payment is immeasurably better than any of the four alternatives mentioned above. The table on page 3 shows by States how many indemnities have been paid on 1940 losses.

INDEMNITY REPORT AS OF JULY 10, 1940

State	Total indemnities paid (number)	Total contracts issued (number)	Total indemnities paid (bushels)	Total premiums received (bushels)	Estimated insured production (bushels)
<u>WASHINGTON OFFICE:</u>					
Delaware	1	455	83	4,237	102,651
Maryland	- -	1,265	- -	15,137	368,465
New Jersey	- -	112	- -	598	17,945
New York	- -	908	- -	6,310	135,959
North Carolina	- -	202	- -	973	31,810
Pennsylvania	7	5,865	431	36,145	979,053
Virginia	4	1,176	703	10,262	251,231
Total	12	9,963	1,217	73,662	1,887,114
<u>CHICAGO OFFICE:</u>					
Illinois	58	14,899	6,106	231,645	2,978,222
Indiana	61	28,374	7,333	306,647	3,937,604
Iowa	24	7,232	5,216	107,067	1,245,538
Kentucky	7	979	1,305	15,932	160,862
Michigan	11	15,945	1,124	93,297	1,881,248
Ohio	31	28,767	2,511	323,158	3,999,033
Tennessee	1	245	41	3,098	42,967
Total	193	96,441	23,636	1,080,844	14,246,476
<u>KANSAS CITY OFFICE:</u>					
Colorado	- -	3,709	- -	264,453	1,071,005
Kansas	1,633	60,506	644,277	3,979,480	23,796,620
Missouri	105	21,687	7,493	271,225	3,536,890
Nebraska	4,214	57,244	664,236	2,113,769	13,161,925
New Mexico	7	62	7,306	12,817	34,210
Oklahoma	1,110	23,387	193,254	915,486	8,394,760
Texas	1,375	11,030	435,747	1,109,483	4,935,355
Total	8,444	177,625	1,952,313	8,666,713	54,930,765
<u>MINNEAPOLIS OFFICE:</u>					
Minnesota	25	21,281	1,232	355,335	3,360,414
Montana	- -	4,175	- -	541,863	2,231,372
North Dakota	- -	31,672	- -	2,006,653	10,625,332
South Dakota	56	21,047	8,288	1,138,813	3,967,449
Wisconsin	1	558	99	3,237	38,360
Wyoming	- -	1,285	- -	129,136	530,769
Total	82	80,018	9,619	4,175,046	20,753,696
<u>SPOKANE OFFICE:</u>					
California	236	2,152	200,827	168,888	2,331,618
Idaho	1	6,836	175	143,948	2,904,312
Nevada	- -	107	- -	2,113	36,999
Oregon	- -	2,011	- -	229,620	3,303,477
Utah	- -	655	- -	24,300	350,470
Washington	2	3,625	450	236,402	5,499,431
Total	239	15,386	201,452	805,271	14,426,307
GRAND TOTAL	8,979 ^{1/}	379,453	2,188,237 ^{1/}	14,801,536	106,244,358

^{1/} This total includes only indemnities actually paid. It does not include payments due under the deferred settlement plan.

NATIONAL AAA CONFERENCE

ADOPTS RECOMMENDATIONS OF

CROP INSURANCE COMMITTEE

A Committee on Crop Insurance, selected from men attending the National AAA Conference held in Washington, D. C. from July 8 through July 13, made recommendations for the administration of the crop insurance program during the coming year. Guy W. Smith was chairman of this committee. Members of the committee were: Paul Nystrom, Maryland; L. L. Hague, Oklahoma; E. J. Janike, Nebraska; S. C. Thomas, South Dakota; E. H. Leker, Kansas; F. H. Richardson, Montana; and C. E. Ocheltree, Delaware. Most important of the committee's recommendations were as follows:

That no material change be made in the method of pricing grain but that every effort be made for determining prices for immediate settlement as soon as possible after losses are adjusted. Continuation of the deferred settlement plan in 1942 was recommended with the request that the 90-day-period clause be retained. In connection with the handling of individual meritorious cases it was urged that more care be exercised by States and counties in giving complete and detailed information to the Corporation on such cases.

Inasmuch as the committee felt that the securing of actual wheat-production figures is just as important as measured acreage figures, it was recommended that greater effort be made to obtain accurate individual farm-production data. In response to the comment that the taking out of crop insurance by farmers was somewhat dependent upon probable crop prospects in some areas, the committee said that the establishment of earlier closing dates has done much to solve this question. Offering insurance for a period of more than one year was considered as a possibility for further reducing adverse selectivity.

The possibilities of insuring the top 75 percent of average yields was discussed at some length with the recommendation that the plan be given further study and the conclusion was reached that any such plan would require enabling legislation.

The committee expressed the opinion that the crop insurance program had now proved its adequacy and effectiveness to the extent that definite consideration should be given to extending the program to include such other commodities as cotton, corn, and tobacco as soon as the necessary actuarial data are available and enabling legislation provided.

These recommendations were adopted by the National AAA Conference on July 11, 1940.

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OLD MAN WEATHER BLOWS

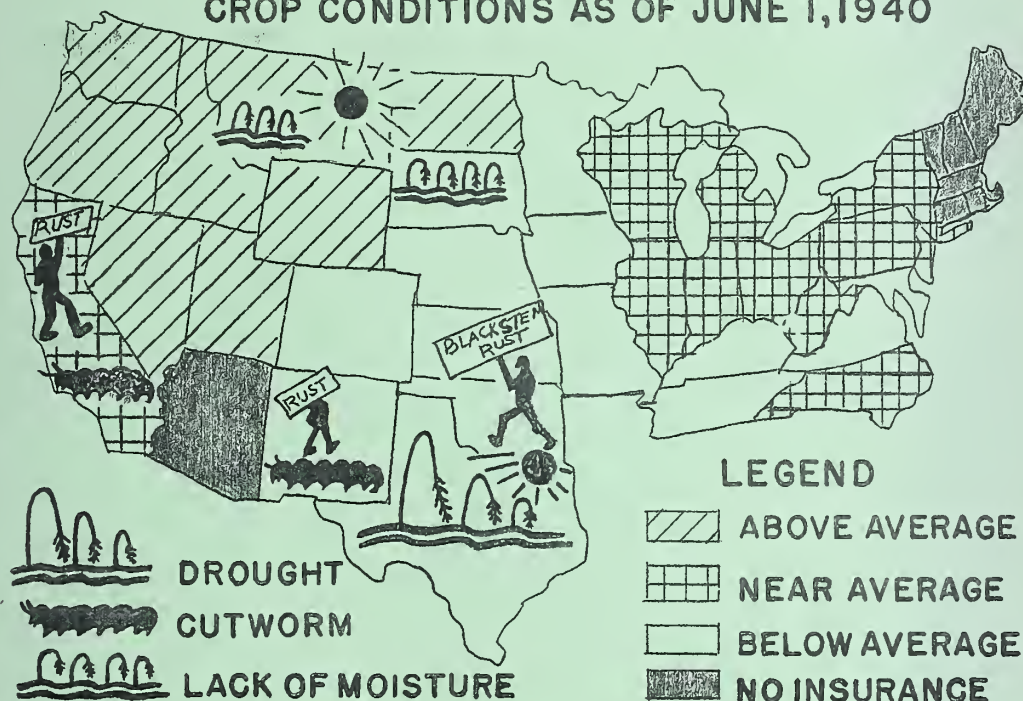
HOT AND COLD IN OREGON J. R. Rucker of Kent, Oreg., received the first 1940 crop insurance indemnity to be paid in his State this year. He insured 105 acres to produce 752 bushels of wheat but "Old Man Weather" chose to blow both hot and cold on this farmer's crop--in May frost knocked his yield for a 175-bushel loss and in June drought wiped off another 525 bushels. In fact Mr. Rucker's actual yield was appraised at only 53 bushels for the entire acreage. Without insurance he would have received wheat income from only 53 bushels but due to the fact that Mr. Rucker made an installment payment for protection against all such natural hazards, he will receive income from about 700 bushels.

LATEST CROP REPORT SHOWS

WINTER WHEAT IMPROVEMENT Yield prospects for winter wheat as of June 1 improved by 29 million bushels over the May 1 crop report issued by the Agricultural Marketing Service. The June 1 report says that crop prospects have been poorest in an area extending from central Nebraska to west-central Texas where the winter wheat was severely damaged by drought last fall and that although a large winter wheat acreage has been lost, conditions have improved to such an extent that the yield per acre on the remaining acreage will be close to the 10-year average.

Indicated winter wheat yields as of June 1 are near average in the States east of the Missouri River, and above average in the Northern Pacific Coast and Mountain States, while they are below average in the Great Plains States, and in the South West.

CROP CONDITIONS AS OF JUNE 1, 1940



In two locations adverse conditions developed during May which reduced yield prospects. Moisture was lacking in Montana and South Dakota and rust and cutworm damage was reported in California and New Mexico; black stem rust is present in Texas, Oklahoma, and Kansas, but the development of these hazards is not far enough advanced to determine what their full effect will be. In the Pacific Northwest, where expected yields were better than average, conditions on June 1 were about the same as a month earlier. The June 1 condition of all spring wheat was 17 percent better than at the same time a year ago and 10 percent better than the 10-year average according to the latest crop report of the Agricultural Marketing Service.

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DID YOU KNOW THAT the number of farms served by electric light and power companies in the United States increased 98 percent during the 1932-38 period--from 710,000 to more than 1,400,000 farms.

INDEMNIFIED FARMERS MAY GET COMMODITY LOANS ANY

TIME BEFORE JAN. 1, 1941 There is some evidence that growers who are receiving 1940 indemnities are under the impression that they must obtain commodity loans immediately in order to utilize the privilege of borrowing on wheat purchased with the proceeds of indemnities. This erroneous impression should be corrected by telling such farmers that they can obtain commodity loans on wheat acquired through indemnities at any time between now and January 1, 1941, the deadline for taking out 1940 wheat loans. This means that growers can wait until after harvest to buy wheat with their indemnities and obtain commodity loans, at which time there will be larger stocks of wheat available at country points.

That eligibility requirements for wheat loans are flexible enough to meet the needs of practically any grower who wants to buy wheat with his indemnity payment is another bit of information that needs greater circulation. Any wheat of acceptable quality, as defined by the Commodity Credit Corporation, acquired with the proceeds of a crop insurance indemnity is eligible for a loan without regard to origin, previous ownership, or location if the wheat is in approved storage.

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35 PERCENT OF OREGON

WHEAT ACREAGE INSURED More than 35 percent of Oregon's 1940 wheat acreage was protected by crop insurance guaranteeing a yield of 3,700,000 bushels according to a recent broadcast by State Crop Insurance Assistant Clyde Kiddle over KOAC at Corvallis, Oregon. He says that claims have already started to come in from insured farmers whose crops have suffered damage from foot rot, Hessian fly, too much rain, hail, frost, and some bad cases of tar weed.

In his broadcast, Mr. Kiddle tells about a farm woman who operates a farm near a large lake. "Last year she had crop insurance on her small field of wheat, and she collected a payment because of frost and drought. Strangely enough, this year she's collecting again -- not because of drought but because of flood. Some dikes broke, you see, and some of that lake water ran all over her wheatfields. Well, this lady is farming only 30 acres of wheat this year and she's collecting only 1,009 bushels of wheat as an indemnity payment. That's small, when compared to some of the policies in eastern Oregon. But to her, it's mighty important. It's possible that her crop insurance payment of 1,009 bushels will mean the difference between making some money this year and going behind." Another quotable quote from Kiddle's broadcast is this: "A banker was telling me the other day that crop insurance has given him the first real collateral he's ever had. A farmer whose yield is guaranteed can walk into a bank any time and be sure of having credit."

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DEFERRED SETTLEMENT PLAN

IS MOST POPULAR IN KANSAS The new method of deferred cash settlement has been the choice of more than 60 percent of the 774 Kansas wheat growers whose Statements in Proof of Loss so far have been received by the State office. Of these 774 indemnity claims, 481 requested the deferred cash settlement whereas practically all others were immediate cash settlements.

CALIFORNIA HAS BAD YEAR

BUT IT COULD BE WORSE

If it had been any
year but 1939 or 1940

"Old Man Weather" would have a good many California wheat growers at his mercy, but with the help of all-risk crop insurance they will be able to stand up and keep slugging. First, the Sutter By-Pass levee broke, flooding and totally destroying thousands of acres of growing wheat in the Sacramento Valley. Then a freak frost--a blow "below the belt," so to speak--hit Riverside

County and knocked out about 10,000 more acres. And in Imperial Valley, where 60-bushel yields were in prospect, rust sneaked in and blasted these prospects to practically nothing. Rust also hit hard in Kern, Kings, Fresno, and Madera Counties and in the Sacramento Valley where winter rainfall and winter floods had already taken a toll.

But many of the wheat growers whose crops were thus unavoidably wiped out paid their annual installment last fall for pro-

tection against just such hazards as those mentioned above. Up to June 21 nearly 200 insured California wheat growers had received 171,000 bushels of indemnities or the cash equivalent of so much wheat. Of these indemnities over 112,000 bushels went to growers in Imperial County alone for damage caused mostly by rust; 43,000 bushels have gone to help mend the damage done by the break in the Sutter By-Pass levee; and some 4,500 bushels have so far been paid to growers in Riverside County to give a warmer glow to the effects of that "freak" frost.

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KANSAS BUSINESSMEN EXTEND

CREDIT ON FCI CONTRACTS

About 5,000 of the 60,000 insured wheat growers in Kansas have made their crop insurance contracts do double duty. First, these contracts gave assurance of an income even though the crop was lost. Then, by using these contracts as security for loans, badly needed credit was furnished to the wheat growers while the businessman making the loan or advancing the supplies had the assurance of good collateral security.

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20 ACRES--1,000 BUSHELS

Raymond Reber who runs a farm south of Hydro in Caddo County, Okla., must have the right combination worked out for growing wheat. According to Leonard Gillingham, county crop insurance supervisor, Mr. Reber harvested 1,000 bushels of wheat--50 bushels an acre--off of 20 acres where the county average yield was only $9\frac{1}{2}$ bushels to an acre.



FCI PROGRAM IS IMPORTANT

PLACE IN NATIONAL DEFENSE

National defense has been a much-discussed issue now for some time. Undoubtedly the men and women who devote all or a portion of their time to the crop insurance program have discussed the issue and have wondered if and how this program fits into the national defense picture. It does fit into the national defense picture in the following ways:

1. The actuarial data which the Corporation uses in the conduct of its program provides for individual farms a practical production catalog which in times of emergency enables the Nation to determine where wheat production expansion is feasible, and in other times supplies valuable information for developing sound programs of soil conservation and land use.

2. The crop insurance program provides wheat growers with the instrumentality for maintaining more effectively the Nation's bread basket. This is accomplished by wheat growers who pay premiums into a group reserve from which these growers receive indemnities if their crops fail. Thus, the wheat reserves of the Corporation form a part of the Nation's ever-normal granary.

3. The program adds stability to the livelihood of the Nation's army of wheat growers and it places thousands of individual farmers in a better position to run their farm plant in a businesslike way. This is an important factor in view of the fact that the production of wheat is one of the Nation's most hazardous enterprises.

4. The administrative organization of the Corporation provides a mechanism which is at all times ready and able to assist in many ways in the handling, storage, and distribution of a part of the Nation's wheat stocks.

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CROP INSURANCE BAILS

BAILEY OUT AFTER HAIL W. F. Bailey AAA committeeman of Young County, Texas, will get about $8\frac{1}{2}$ bushels of wheat an acre this year despite a 100 percent successful attack upon his crop by spheroids of congealed vapor (hail), according to J. H. Crawford, Secretary of the Young County Agricultural Conservation Association. Mr. Bailey had a seeded acreage of 60.6 and insured it to produce 523 bushels. Without insurance he would have been just 523 bushels of wheat closer to adverse circumstances this year.

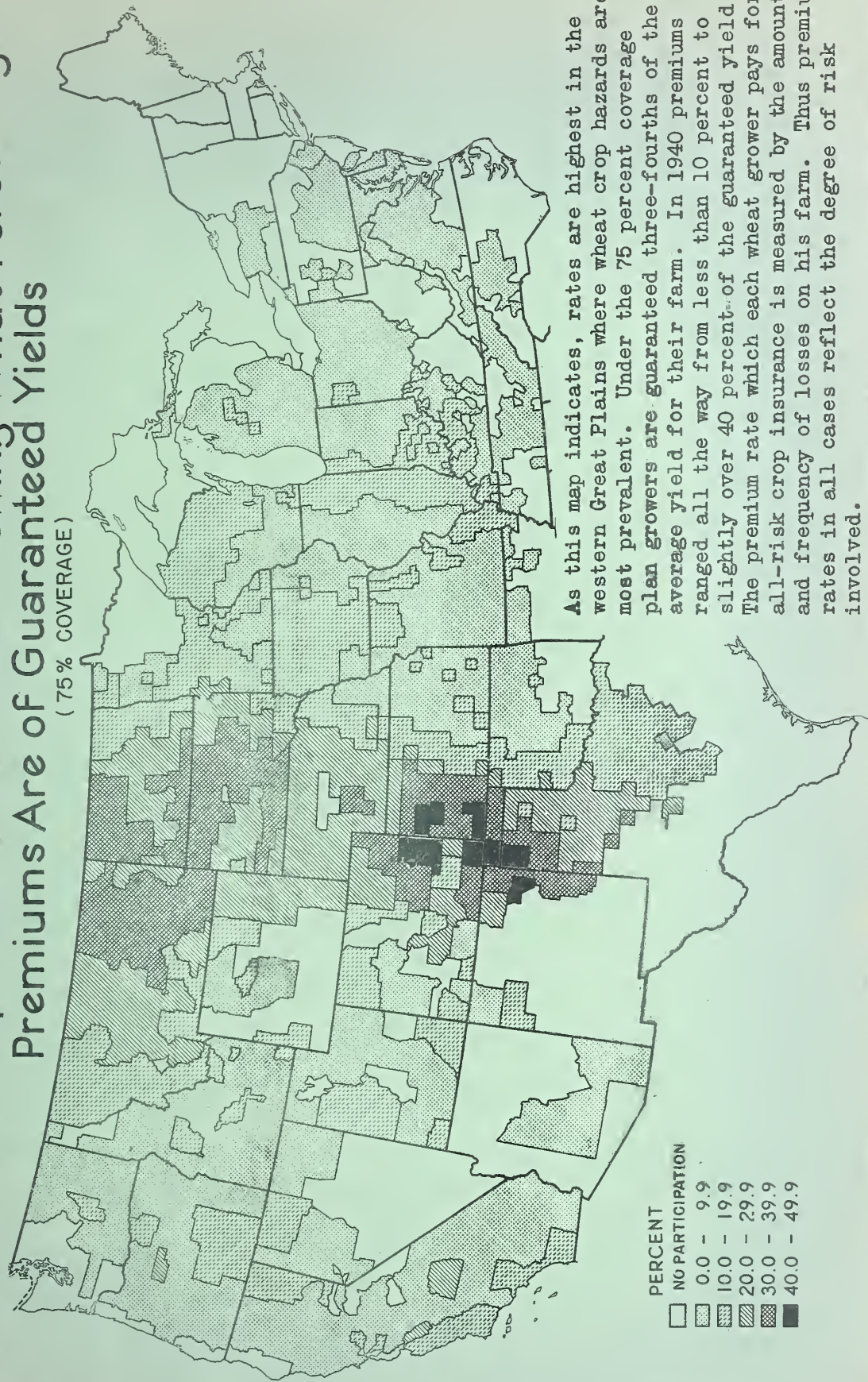
Other 1940 losses that have been adjusted in Young County include drought and plant disease losses on 36 farms, says Secretary Crawford. Fifty-six percent of these losses, he says, have been caused by drought and about 40 percent by hail.

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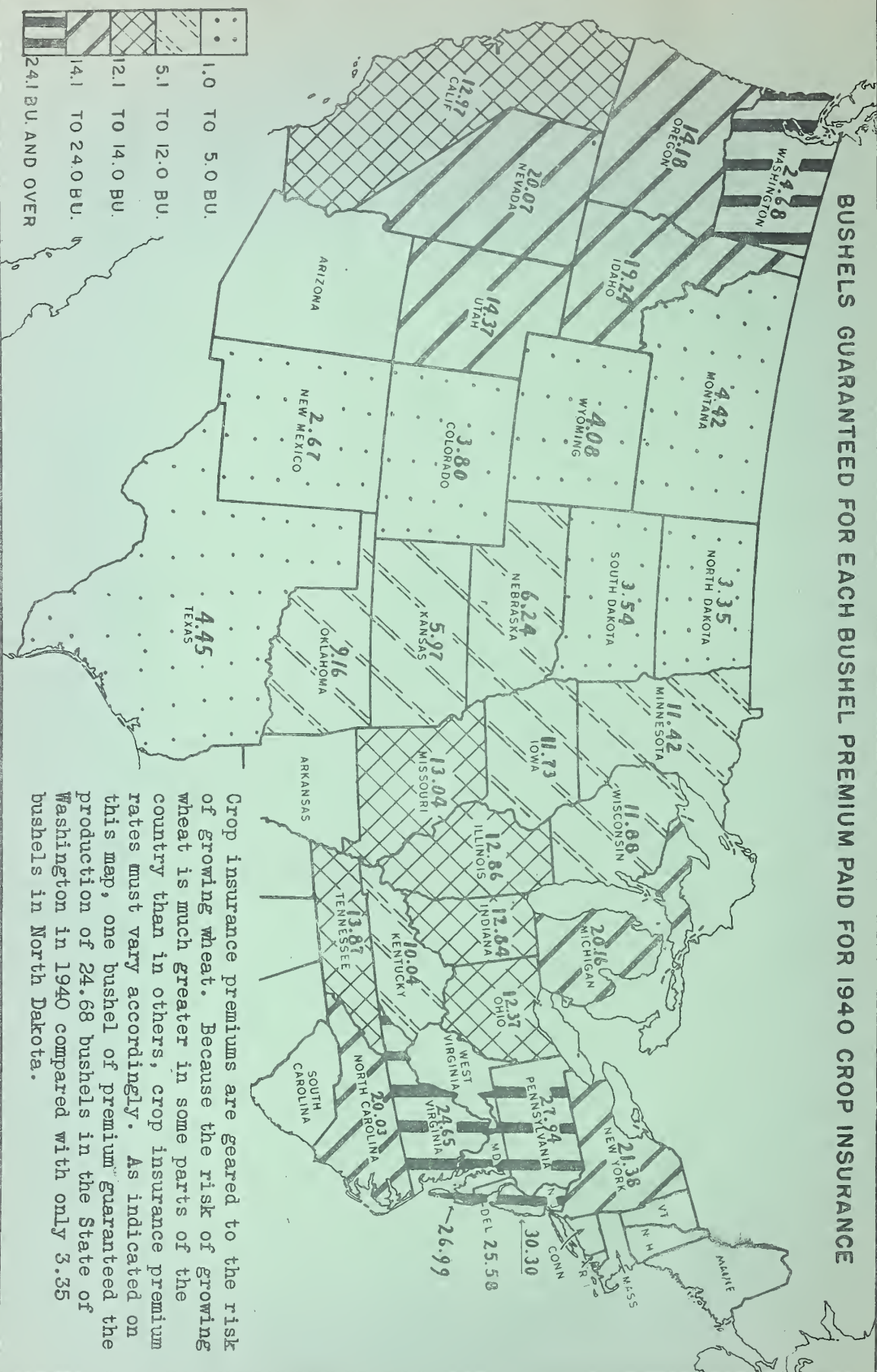
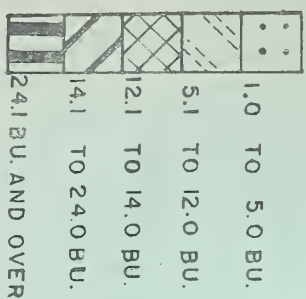
The existing farm program contributes mightily to national defense. Additional things may need to be done, however. When if need comes, the people and organizations now operating farm programs will be called upon to do the work. In the meantime, each Department employee and each farmer committeeman can make his maximum contributions to the agricultural phase of national defense by working hard at the present job. What you are doing now is vital. It must go ahead full speed.

--- H. A. Wallace, Secretary of Agriculture

1940 Wheat Crop Insurance Rates Showing What Percentage Premiums Are of Guaranteed Yields (75% COVERAGE)



BUSHELS GUARANTEED FOR EACH BUSHEL PREMIUM PAID FOR 1940 CROP INSURANCE



Crop insurance premiums are geared to the risk of growing wheat. Because the risk of growing wheat is much greater in some parts of the country than in others, crop insurance premium rates must vary accordingly. As indicated on this map, one bushel of premium guaranteed the production of 24.68 bushels in the State of Washington in 1940 compared with only 3.35 bushels in North Dakota.

MISSOURI FARMER REAPS

BENEFIT OF PRICE RISE Here's a good example of what we mean when we say that farmers can pay their crop insurance premiums with cheap wheat and collect indemnities at an improved market: Last fall V. E. Skinner of Chariton County, Mo., insured a patch of wheat to produce 86 bushels. He paid his premium with 5 bushels of wheat when the market price was 56 cents a bushel. In dollars and cents his premium amounted to \$2.82. The crop failed. When the indemnity was paid wheat had gone up to \$1.01 so Mr. Skinner received \$86.86 instead of \$48.16 which he would have received had wheat remained at 56 cents--the price at premium-payment time. Owing to the fact that the Corporation converts all premiums into actually stored wheat as soon as they are received, the grower receives the benefit of price rises without increasing the liability of the Corporation. In the above case, Mr. Skinner had 5 bushels of wheat in a group reserve which assured him of 86 bushels of production. Upon total failure of his crop his 86 bushels of wheat were turned over to him.

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BUSINESSMEN APPRECIATE

DATA ON CROP INSURANCE State and county offices in Kansas mailed out mimeographed maps of the State showing 1941 insured production by counties recently. The State office mailed the map to district offices of major oil companies, implement companies, jobbers, and State trade associations. County offices mailed them to local businessmen. An excerpt from one of the letters thanking the offices for the map follows: "We extend considerable credit to retail merchants in central and northwestern Kansas, who in turn are in a position to extend credit to their farmer customers when economic conditions warrant it. We therefore are very much interested in knowing the amount of the insured wheat in each county and the time of the year when farmers having crop failures will receive the insurance money from the Government."

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FIRST NEW MEXICO LOSS CAUSED

BY EROSION, WORMS, & DROUGHT Wind erosion, cut worms, drought, and a loose seedbed all contributed to the total destruction of 718 acres of wheat planted last fall by John Garrett, Jr., of Clovis, New Mexico. But Mr. Garrett had his wheat acreage insured to produce 4,204 bushels and was the first New Mexico wheat grower to receive a 1940 indemnity. The cash equivalent of his indemnity, after deducting \$909 to liquidate an ACP advance for the premium, amounted to \$1,562. Mr. Garrett's adjusted average yield was 7.8 bushels an acre. Wind erosion took the lion's share of Mr. Garrett's crop--80 percent on April Fool's day, 1940; cut worms took 15 percent 10 days later. Five percent of the loss was attributed to drought and a loose seedbed.

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1941 LISTING SHEETS ARE

COMING IN AND GOING OUT A progress report on 1941 listing sheets indicates that activity is fairly brisk along this front. Of the 1,517 counties from which listing sheets are expected, 938 had branch office approval as of July 9. Nearly 900 of these have been photocopied and return to the respective State offices. Exactly 900 listing sheets have been received in the various branch offices as follows: Kansas City, 401; Chicago, 349; Minneapolis, 38; Spokane, 58; and Washington, D. C., 54.

UNITED STATES DEPARTMENT OF AGRICULTURE
FEDERAL CROP INSURANCE CORPORATION
(Name of Town and State)



In the PAST..

Dear Mr. Blank:

Are you in step with the times?

Look over your community and you'll see that the business and professional men you deal with day in and day out don't have the risks that you have.

If your merchant's place of business burns down - chances are it's insured;

If the banker's vaults are robbed - in most cases the loss is covered by insurance;

If your doctor or lawyer has an accident that reduces his earning power - more than likely he is protected by insurance.

BUT HOW ABOUT YOU?

Your wheat crop represents an important source of income to you. If some accident such as drought, hail, disease, or any other unavoidable hazard strikes your fields, how will you replace that lost income?

Wheat growers now can guard against crop failure through insurance -- the same instrument that has long been used by business to avoid the sudden blow of unexpected losses.

You can get in step with the times by taking out crop insurance on your wheat acreage. It costs little as compared to the possible toll that crop failure may take from your pocketbook.

Ask your county AAA committee for details as to cost and coverage of "all-risk" crop insurance for your farm.

Yours for wheat to sell every year,

_____, Chairman
County AAA Committee



...and NOW!

NOTE: Stereols with the illustrations - not the letter - impressed on them are available for use by county committeemen in mailing circular letters to local wheat growers. They may be obtained upon request through the State AAA offices.